

Message Text

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FM USDEL SECRETARY IN MEXICO

TO SECSTATE WASHDC IMMEDIATE

S E C R E T SECTO 31047

LIMDIS

FOR ROBINSON AND KATZ FROM ROGERS

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJ: ROGERS "MEETING WITH JORGE DIAZ SERRANO

1. I HAD AN EXTENDED AND SUPRISINGLY FORTHCOMING
TALK WITH JORGE DIAZ SERRANO, THE NEW HEAD OF PEMEX.

2. HE IS NEW AND EXCITED ABOUT THE PROSPECTS OF
THE POSITION. OUR MEETING, HE SAID, WAS HIS "FIRST
OFFICIAL TALK."

3. HE IS PERSUADED THAT THE LIMITING FACTOR IS FINANCE.
HE WILL PROPOSE TO SHIFT EXPLORATION AND DRILLING
RESOURCES TO THE GULF AREA AND TO DEVELOP IT AS QUICKLY
AS POSSIBLE. THERE ARE NEW DISCOVERIES THERE, BUT
THE NUMBER OF WELLS WHICH WILL BE REQUIRED TO PROVE UP
THE FIELD IS STAGGERING. HE WILL NOT ENTER INTO PARTER-
SHIPS WITH FOREIGN OIL FIRMS, BUT WILL INSTEAD BUY THE
TALENT AND TECHNOLOGY AND BORROW THE MONEY.

4. AS THE LAST, HE PROPOSES TO ASK A RECOGNIZED
FIRM TO CERTIFY THE RESOURCES ON THE BASIS OF THE
PRESENT DATA AND BORROW ON THE BASIS OF THAT CERTIFI-
CATION SOMEWHERE.

5. I TOLD HIM THAT WE WANTED TO HELP IN EVERY WAY

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WE COULD. MEXICO'S OIL RESOURCES WERE HARDLY A MATTER

OF INDIFFERENCE TO US, BUT WE RECOGNIZED THAT THE POLICY WHICH SHOULD GOVERN ITS DEVELOPMENT MUST BE MEXICAN POLICY. WE WOULD BE SCRUPLOUS IN OUR SENSE OF RESPECT FOR MEXICO'S SOVEREIGNTY. WITHIN THAT CONSTRAINT, HOWEVER, WE WERE PREPARED TO OFFER EVERY POSSIBLE AID AND COOPERATION, INCLUDING AID AND COOPERATION IN FINDING THE FINANCING FOR THE EFFORT.

6. HE SAID IT WOULD BE HIS HOPE TO GET PRODUCTION UP TO THE POINT WHERE HE COULD MEET ALL OF MEXICO'S DEMAND FOR PETROLEUM AND FOR PETRO-CHEMICAL PRODUCT, AND STILL EXPORT 1 MILLION B/D PER DAY BY 1980. MORE, IN FACT, IF HE COULD BREAK THE FINANCING BOTTLENECK.

7. I PROPOSE TO DROP HIM A FOLLOW-UP NOTE EARLY NEXT WEEK.

8. PETROLEUM OFFICER'S COMMENTS: ACCORDING TO A PRIVATE INDUSTRY CONTACT WITH ACCESS TO PEMEX'S GEOPHYSICAL DATA, MEXICO HAS THE RESOURCES TO MEET DIAZ SERRANO'S EXPORT TARGET. THERE ARE TWO CONSTRAINTS THAT MIGHT CAUSE THEM TO FALL SHORT OF HIS GOALS. PEMEX ENGINEERS ARE VERY RELUCTANT TO DEPART FROM THEIR TRADITIONAL METHODS OF DRILLING AND EXPLOITATION FOR FEAR THAT UNSUCCESSFUL EXPERIMENTS WILL BLIGHT THEIR CAREERS. SECONDLY, PEMEX WILL RESIST EFFORTS TO EXPLOIT CRUDE FASTER THAN THE ASSOCIATED GAS AND GAS LIQUIDS CAN BE PROCESSED, SINCE THESE ACCOUNT FOR ABOUT ONE-THIRD OF THE VALUE PETROLEUM PRODUCTION AND PEMEX DOES NOT WANT TO SEE THEM WASTED BY FLARING. ANOTHER LIMITING FACTOR, BUT ONE MORE EASILY OVERCOME IS THE OVER-CENTRALIZATION OF DECISION MAKING WITHIN PEMEX. IF DIAZ SERRANO IS WILLING TO DELEGATE MORE AUTHORITY TO HIS SUBORDINATES, MUCH OF THE BUREAUCRATIC DELAY THAT CHARACTERIZES PEMEX COULD BE ELIMINATED. KISSINGER

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